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Report of the Secretary-General pursuant to resolutions 1447 (2002), 1472 (2003) and 1476 (2003)

I. Introduction

1. The present report is submitted pursuant to paragraph 4 of Security Council resolution 1447 (2002) of 4 December 2002, in which I was requested to provide a comprehensive report on its implementation to the Council at least one week prior to the end of the 180-day period, and pursuant to paragraph 11 of resolution 1472 (2003) of 28 March 2003 and paragraph 1 of resolution 1476 (2003) of 24 April 2003. It describes developments in the implementation of the humanitarian programme in Iraq, pursuant to resolution 986 (1995), since 5 December 2002. Unless stated otherwise, the cut-off date for the data contained in the present report is 30 April 2003.

2. On 26 December 2002, the Government of Iraq, pursuant to paragraph 8 (a) (ii) of Security Council resolution 986 (1995), submitted its distribution plan for the new period (phase XIII) specified in paragraph 1 of resolution 1447 (2002). The distribution plan (S/2003/6) was approved on 3 January 2003.

3. The humanitarian programme in Iraq, during the current phase, has been affected severely by several factors, including the security situation, a substantial funding shortfall in the ESC (59 per cent) account due largely to excessive contracting by the Government of Iraq despite the shortfall in funding, contrary to the advice of the Office of the Iraq Programme, and, in the three northern governorates of Dahuk, Erbil and Sulaymaniyah, the sharp appreciation of the old Iraqi dinar against the United States dollar. The increased insecurity prior to the conflict adversely affected the United Nations observation and monitoring activities, as well as the implementation of projects. The decrease in the number of international staff, following the issue of a travel advisory on 3 February 2003, drastically reduced observation and monitoring coverage in the centre and south and programme implementation in the three northern governorates. Since the withdrawal of international staff, and the subsequent temporary suspension of the programme on 17 March 2003, most activities under the programme have been suspended.

4. Prior to the withdrawal of international staff, the United Nations and local authorities in Erbil and Sulaymaniyah signed an agreement for the safekeeping and protection of United Nations assets procured pursuant to Security Council resolution 986 (1995) and adequate resources were left to the United Nations national staff to deal with any emergency situation in the three northern governorates. Agreement

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was reached and procedures were agreed upon with the local authorities on the use of such resources in case of emergencies that might arise during the conflict. In the absence of an emergency situation, however, such resources were not utilized. Since their return to the three northern governorates, the United Nations staff have taken over the responsibility for the management of the assets.

5. From 10 February to 4 March 2003, five projects ($116 million) were approved to respond to emergency requirements. The World Food Programme (WFP) had a project for the procurement of wheat flour for the three northern governorates, which had not received the allocation made by the Government to the centre and south. The project was partially implemented. Also prior to the withdrawal of international staff, the United Nations Children's Fund (UNICEF) had organized training programmes for primary school teachers and health workers in conflict and trauma counselling of primary school age children and in handling the emergency health needs of displaced populations. These activities included assistance, and distribution of toys and other commodities to primary schoolchildren to keep them occupied during the conflict, and staff were trained to handle the internally displaced persons who were expected from the centre and south, especially from the Ninewa and Tameem governorates; fortunately, there were no great numbers of displaced persons.

6. In the three northern governorates, United Nations national staff continued carrying out programme activities during the conflict, supporting the delivery of essential services such as food, water, health care, electricity and the demarcation of areas infested with landmines and unexploded ordnance. National staff also handled assistance to the new caseload of internally displaced persons, including provision of food, non-food items, and emergency water and sanitation services until their return to their places of origin. Though these activities were performed at a limited pace, the national staff performed exceptionally in securing programme assets, and in giving confidence to the local population through the distribution of food and medicines and facilitating the return of internally displaced persons to their places of origin. In addition, United Nations national staff facilitated the entry of 1,253 trucks carrying consignments for WFP and UNICEF for Iraq through the Ibrahim Khalil customs border crossing point with Turkey, in the absence of the United Nations independent inspection agents (Cotecna).

7. Since the start of its implementation in December 1996, the programme has been able to make a difference in the life of the Iraqi population. The achievements remain extremely tenuous, however, and depend on continuous provision of resources. The full impact of the armed conflict and the subsequent looting in the centre and south of the country, including the extent of the loss of programme inputs and infrastructure damage, has yet to be fully assessed, but first assessments show that the situation is serious. Hospitals have been looted and vaccines were rendered ineffective owing to power outages. The public distribution system for food and drugs was disrupted. Water and electricity supplies, interrupted during the conflict, are now slowly being restored. Sewage treatment plants have been damaged and, as a consequence, water pollution levels have increased. School activities, interrupted in February 2003, are slowly resuming. Interruption of irrigation will affect the production of vegetables and orchard fruits. Poultry projects, veterinary hospitals and clinics suffered from looting and damage. Most of the veterinary trucks and vaccines are considered unusable. Telephone lines were interrupted at the onset of the hostilities. All United Nations agencies and programmes headquarters in

Baghdad were looted and vandalized in the aftermath of the conflict. The offices of the United Nations Development Programme (UNDP) and the Food and Agriculture Organization of the United Nations (FAO) were severely damaged and burned. By 5 May 2003, however, UNICEF and World Health Organization (WHO) offices had been repaired and were ready for operations, as were the premises of the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Office of the Humanitarian Coordinator in Iraq and WFP.

8. In the three northern governorates, the first group of United Nations international staff members who returned on 24 April 2003 found the humanitarian situation better than originally predicted. The local authorities have been able to maintain law and order, sparing the region from the widespread looting that followed the conflict in the rest of the country. Social services, such as hospitals, continue to function efficiently. Schools that were closed prior to the departure of international staff have reopened.

9. The suspension of the programme on 17 March 2003, however, had a negative multiplier effect on the economy and the population of the region. The implementation of the programme had generated a host of economic activities, including employment, and provided a revenue base for the local administration. Its suspension meant that local contractors executing the projects had to lay off their workers, exacerbating the problem of unemployment in the region. This, in turn, affected the ability of the local authorities to pay the salaries of local public servants. As a result, public servants in the three northern governorates, such as administration staff and others working in the essential services, have not been paid for the past three months.

II. Revenue generation

A. Oil production and sale of petroleum and petroleum products

10. Since the beginning of phase XIII, the oil overseers and the Security Council Committee established by resolution 661 (1990) concerning the situation between Iraq and Kuwait have reviewed and approved 142 contracts, involving purchasers from 38 countries, including 31 contracts from the previous phase extended into phase XIII.[1] The total quantity of oil approved for export under those contracts corresponds to 382.4 million barrels, with an estimated value of €9 billion or $10 billion, at the rate of exchange on 1 May 2003. However, the volume of oil actually lifted as at 20 March 2003 was 169.6 million barrels, with a total value of €4.18 billion or $4.6 billion, at the rate of exchange on 1 May 2003. The average rate of Iraqi oil exports under the programme from 5 December 2002 to 20 March 2003 was 1.6 million barrels per day — 33 per cent higher than the 1.2 million barrels per day rate during phase XII. The exports were completed through 160 loadings. Of the

[1] Algeria (1); Armenia (1); Belarus (2); Bulgaria (2); Canada (2); China (6); Cyprus (7); Egypt (4); France (11); Greece (1); India (1); Indonesia (1); Italy (8); Jordan (11); Lebanon (7); Liechtenstein (2); Malaysia (1); Myanmar (1); Nigeria (2); Oman (2); Pakistan (2); Panama (4); Philippines (1); Portugal (1); Qatar (3); Russian Federation (22); South Africa (1); Spain (3); Switzerland (7); Syrian Arab Republic (7); Thailand (1); Tunisia (2); Turkey (5); Ukraine (3); United Arab Emirates (1); United Kingdom of Great Britain and Northern Ireland (3); Viet Nam (2); Yemen (1).

total volume exported, 57 per cent was from Mina al-Bakr, Iraq, and 43 per cent from Ceyhan, Turkey. With regard to the destination of Iraqi oil exports, 31.1 per cent went to the European market, 62.4 per cent to the Americas/Caribbean market and 6.5 per cent to the Far East.

11. The last oil loading under the programme from the Mina al-Bakr loading terminal was effected on 16 March 2003, while the last loading from the Ceyhan terminal was on 20 March 2003. The United Nations independent inspection agents from Saybolt were withdrawn from the Mina al-Bakr terminal and the metering station at Zakho on 18 March, as part of the withdrawal from Iraq of all United Nations international staff and contracted personnel. Two United Nations independent inspection agents (Saybolt) are currently posted at the Botas terminal in Ceyhan. The validity of the oil purchase contracts that had been extended from phase XII to phase XIII had expired by 20 March 2003. There remained a total of 93 valid contracts concerning some 160 million barrels of oil. None of the contracts, however, remain valid beyond 3 June 2003. The storage tanks at Botas terminal in Ceyhan are at full capacity, containing about 9.35 million barrels of oil. The operational stock of the tanks is about 8.3 million barrels.

12. On the basis of the revenue of $4.6 billion, and after the required deductions pursuant to the relevant Security Council resolutions, about $3.1 billion has been made available to the humanitarian programme under phase XIII.

B. United Nations accounts pertaining to the Iraq programme

13. The United Nations accounts pertaining to the Iraq programme are divided into seven separate funds pursuant to paragraph 8 (a) to (g) of Security Council resolution 986 (1995). As at 30 April 2003, just over €4.16 billion had been deposited into the account for phase XIII, as authorized under Council resolutions 1284 (1999), 1330 (2000), 1360 (2001), 1382 (2001), 1409 (2002), 1443 (2002) and 1447 (2002), bringing the total oil sale revenue since the inception of the programme to $37.33 billion or €28.78 billion. The allocation of total oil revenue among the various funds and corresponding expenditures is reported in annex I to the present report; the number and value of letters of credit pertaining to oil proceeds and humanitarian supplies are reported in annex II.

14. With regard to the diversification of banking services for the United Nations Iraq Account, two contracts have been executed between two different banks and the United Nations for the issuance of letters of credit for the purchase of humanitarian goods. The United Nations has executed two amendments to the banking services agreement with two banks and is awaiting their signature on these amendments. In the light of current developments, a request for proposal has been drafted by the United Nations Treasury for additional diversification. This will be issued, subject to the decision of the Security Council regarding the future of the programme.

15. In paragraph 8 of resolution 1360 (2001), the Security Council requested that I take the necessary steps to transfer the excess funds drawn from the account created pursuant to paragraph 8 (d) of resolution 986 (1995) for the purposes set out in paragraph 8 (a) of that resolution in order to increase the funds available for humanitarian purchases, including, as appropriate, the purposes referred to in paragraph 24 of resolution 1284 (1999). As a result of concerted efforts by the Office of the Iraq Programme to minimize expenditures under the ESD (2.2 per

cent) account, in January 2003 an amount of $61 million, constituting the excess funds at the end of phase XII, was redistributed for the purchase of humanitarian supplies. This brought the total amount of transfers from the ESD (2.2 per cent) account to the ESB (59 per cent) account to $272 million. In September 2000, an amount of $52 million, constituting excess funds at the end of phase VII, was redistributed for the purchase of humanitarian supplies. Similarly, in July 2001, an amount of $75 million, constituting excess funds at the end of phase VIII, was redistributed. In December 2001, an amount of $84 million was transferred, constituting excess funds at the end of phase X. Owing to a substantial decrease in oil revenues during phases IX and XI, however, no excess funds were available for redistribution for the purchase of additional humanitarian supplies.

III. Processing and approval of applications for contracts

Processing of applications received under the ESB (59 per cent) account

16. Since the start of the implementation of the programme in December 1996, and as at 12 May 2003, the Secretariat had received 29,936 contract applications signed by the Government of Iraq with a total value of $52.36 billion, against a total of $48.63 billion budgeted under the distribution plans for phases I to XIII. However, the actual funds available for contracting by the Government of Iraq stood at a total of some $39 billion, which comprised all principal allocations to, and interest revenues on the funds in, the ESB (59 per cent) account, the reimbursements from the ESC (13 per cent) account for the bulk procurement of food and medicines, the share of the ESC (13 per cent) account for the cost of oil spare parts and the cost of reconnection to the national electricity grid, and excess funds transferred from the ESD (2.2 per cent) account.

17. The Committee and the Secretariat had, respectively, approved or notified 23,129 contract applications, with a total value of $44.14 billion. There were some $2.00 billion unencumbered funds, which had been reserved previously for the funding of additional applications in the oil industry equipment and special allocations sectors. On the other hand, there were 3,611 applications fully processed, with a total value of $7.16 billion, for which approval letters could not be issued for lack of funds in the appropriate sectors and phases. With 1,895 additional applications worth $7.38 billion registered but not fully processed, the funding shortfall in the ESB (59 per cent) account currently stands at $14.54 billion.

18. As at 12 May 2003, the Central Bank of Iraq had not requested the opening of letters of credit for 664 applications valued at $1.12 billion that had been issued with approval letters. Moreover, there were 1,288 applications, worth a total of $2.2 billion, for which the relevant letters of credit had been issued more than one year earlier, but under which no deliveries have been made to Iraq. The total value of supplies and equipment delivered to Iraq under the ESB (59 per cent) account had reached $26.45 billion, and additional supplies and equipment worth $9.4 are still in the production and delivery pipeline.

ESC (13 per cent) account

19. Since the start of the implementation of the programme, and as at 12 May 2003, some $8.11 billion has been allocated to the ESC (13 per cent) account from the oil sales, of which $3.54 billion was allocated for reimbursements to the ESB

(59 per cent) account for the supply of food, medicines and vaccines delivered to the three northern governorates under the bulk procurement arrangements and for the cost of reconnection to the national electricity grid ($2.53 billion), as well as funds charged to the ESC (13 per cent) account for the cost of oil spare parts and equipment ($1.01 billion). The balance of $4.57 billion was allocated to the United Nations for implementing the humanitarian programme in the three northern governorates on behalf of the Government of Iraq. Supplies, equipment and services to the value of $1.67 billion had been delivered in the three northern governorates, leaving an unencumbered balance of $1.7 billion.

20. A statistical overview of all applications for contracts submitted under the ESB (59 per cent) and ESC (13 per cent) accounts is contained in annex III to the present report.

Goods review list procedures

21. The processing of applications under resolution 1454 (2003) after 18 March 2003 was seriously affected by the recent developments relating to Iraq. The withdrawal of all United Nations international staff and contracted personnel also included the withdrawal of the United Nations independent inspection agents from five authorized entry points. At the same time, the Office of the Iraq Programme continued to receive and process new applications submitted by permanent missions and United Nations agencies and programmes, partially under the modified arrangements pursuant to resolution 1472 (2003). From 17 March to 12 May 2003, the Office of the Iraq Programme received 843 new applications for contracts signed by the Government of Iraq valued at $1.804 billion. In addition, the United Nations agencies and programmes submitted 153 contracts valued at $80 million, under the ESC (13 per cent) account. The submission rate of new applications was particularly high during the first three weeks of the conflict in Iraq, but lately it has subsided somewhat, even though new applications for contracts signed prior to 18 March 2003 continue to be received and registered.

22. The Office of the Iraq Programme continued processing all applications in accordance with the revised goods review list procedures until 14 April 2003. On that date, in a letter addressed to the Chairman of the Committee, the Executive Director of the Programme informed the Committee that, taking into account the substantial shortfall in the funds available to the programme and faced with the financial uncertainties due to the total cessation of oil exports, the Office of the Iraq Programme was obliged, on a temporary and exceptional basis, to pause in its processing of additional applications under the ESB (59 per cent) account. The number and value of fully processed but unfunded applications remains largely unchanged since then and as at 12 May 2003 stood at 3,611 applications valued at $7.16 billion, mainly in the food, food handling, housing, agriculture, water and sanitation, transportation and electricity sectors. Annex IV provides the details of approved and unfunded contracts in various sectors.

23. Notwithstanding the decision on a temporary pause, the Office of the Iraq Programme continued to receive and register new applications. From 14 April to 12 May 2003, a total of 194 applications had been received under the ESB (59 per cent) account, with a total value of $398 million. No further action on contracts under processing was taken on these and other applications in different processing stages after 14 April 2003, however. The total number of contracts under the ESB (59 per

cent) account in processing status as at 12 May was 1,895 contracts valued at $7.38 billion, including any new applications received after 14 April and registered under "Office of the Iraq Programme review" status. At the same time, the processing of applications submitted by the United Nations agencies and programmes under the ESC (13 per cent) account continued after 14 April. Consequently, there were only 53 such applications worth $39 million in various stages of processing as at 12 May.

24. As at 12 May 2003, there were 284 applications under the ESB (59 per cent) account valued at $980 million identified by the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC) and the International Atomic Energy Agency (IAEA) as containing one or more items on the goods review list. Most of the items identified included vehicles and mobile cranes, the other items ranging from vaccines, chemicals, measuring instruments, corrosion resistant pumps, breathing apparatus, laboratory equipment and non-medical X-ray equipment to telecommunications equipment. Owing to the pause in processing, however, no further action has been taken on any of these contracts since 14 April, including 55 applications pending amendment valued at $263 million. Most of the suppliers for contracts in this category intended to remove goods review list items from the contract but could not do so, owing to the lack of representation of the other party to the contract. At the same time, there were 13 additional contracts with goods review list items where suppliers requested impact assessment, which request could not be met because of the departure of United Nations staff from Iraq in March 2003.

25. Prior to the processing pause, the approval rate of goods review list items by the Committee remained relatively low, at 11.8 per cent. Of 179 contracts submitted to the Committee for approval, only 21 were approved, mainly subject to end-use observations. Owing to the departure of United Nations staff from Iraq, however, no end-use verification observations have been made since 17 March 2003.

26. Effective 1 March 2003, the Office of the Iraq Programme introduced a system of annual quotas for certain dual-use items mandated under paragraph 3 of resolution 1454 (2003) aimed at preventing the stockpiling of such items in Iraq while allowing sufficient quantities for legitimate civilian needs to be exported to Iraq. Since the introduction of the measure, the Office of the Iraq Programme has received 12 applications valued at $53 million containing 15 such items alone valued at $1.2 million. The items identified included growth media, organophosphate pesticides and specific antibiotics (doxycilin and gentamycin). In most cases, the quantities submitted for approval were well within quotas introduced and, consequently, the Office of the Iraq Programme had approved such applications, as non-goods review list items. Only in one case, in the agriculture sector, did the contracted quantity — 50,000 kg of gentamycin powder (raw material) — exceed the established annual quota for that particular item, by some 5,800 kg. The excess quantity was subject to goods review list procedures, as required.

27. The processing of applications previously on hold and reassessed under paragraph 18 of resolution 1409 (2002) also continued until 14 April 2003. By then, of the total of 1,860 applications valued at $4.68 billion (category B holds), 1,175 applications valued at $2.39 billion had been approved as containing no goods review list items (or with those items removed through amendments). The remaining applications had been in various stages of goods review list processing or had been

considered null and void when the processing pause came into effect on 14 April. As for the category A holds, a total of 171 applications valued at $315 million were returned to suppliers. Of that number, 33 valued at $101 million have been resubmitted; and 11 valued at $20 million were subsequently approved and the rest "paused" under various processing stages.

Implementation of resolutions 1472 (2003) and 1476 (2003)

28. As at 19 May 2003, the United Nations agencies and programmes, working closely with the Office of the Iraq Programme, had identified goods in 372 contracts worth $949 million as priority goods shippable by 3 June 2003. Most of the goods in the confirmed category were in the food ($463 million) and electricity ($239 million) sectors, the remaining quantities in the health, agriculture and water and sanitation sectors. Apart from the goods in 372 confirmed priority contracts, the United Nations agencies and programmes were still considering 212 additional contracts with an undelivered balance of over $330 million for possible shipping by 3 June.

29. In most cases, the priority contracts included approved and already funded contracts, as these were most likely to be shippable within the tight deadlines mandated under resolution 1472 (2003) and subsequently extended under resolution 1476 (2003). However, 12 approved and previously unfunded contracts valued at $53 million have recently been identified as priorities by UNDP and have been subsequently funded under paragraph 4 (g) of resolution 1472 (2003). The contracts concerned involve equipment for dredging and wreck removal, shippable by 3 June 2003, which should assist in the reopening of the port of Umm Qasr.

30. The departure of the United Nations independent inspection agents from Iraq on the eve of the outbreak of hostilities rendered a large number of suppliers unable to complete deliveries of goods already in transit to Iraq. As at 19 May 2003, the suppliers had registered with the Office of the Iraq Programme 390 such contracts with all or part of the goods in transit to Iraq. A smaller portion of those contracts (102) was taken over by the United Nations agencies and programmes as they contained priority goods. The remaining 288 contracts — some still under examination to confirm the transit status of the goods — would be subject to the procedures adopted by the Committee under paragraph 4 (g) of resolution 1472 (2003) that allow for arrangements to be made to compensate such suppliers for the storing of goods in transit until 3 June 2003.

31. Renegotiation of contracts for priority goods identified as shippable by 3 June and submission of appropriate amendments to the Office of the Iraq Programme represent the first steps towards the actual shipping and delivery of priority goods to alternative locations outside Iraq established pursuant to paragraph 4 of resolution 1472 (2003). While the total number of contracts with priority goods shippable by 3 June stood at 372 as at 19 May, the Office of the Iraq Programme had received from the United Nations agencies a total of 266 amendments for such contracts, a rapid increase from six such amendments received only two weeks earlier. The total value of the contracts was reduced by some $53 million as a result of these amendments, mainly because of the change in transport and insurance costs to the suppliers but also through reduction of the quantities to be delivered in some cases. The net cost to the escrow account, however, will ultimately have to include storage

of the goods to be received in alternative locations and transport of the goods to Iraq.

32. The Office of the Iraq Programme has been receiving numerous queries and complaints from permanent missions to the United Nations as well as suppliers not selected under the prioritization process and not with goods in transit. The queries pertain to a broad range of contracts, from recently submitted applications, to contracts under processing and contracts approved but not funded to contracts approved and funded with goods often produced or in production but not shipped before 17 March 2003. Pending a decision by the Security Council regarding the future status of such contracts, the Office of the Iraq Programme is not in a position to respond satisfactorily to the queries and complaints received.

33. By paragraph 4 (e) of resolution 1472 (2003) the Security Council authorized the Secretary-General to negotiate and execute new contracts for essential medical items. Following the adoption of the resolution, the Office of the Iraq Programme provided WHO and UNICEF with lists of approved contracts containing essential medicines and vaccines, to assess the availability of such items for shipment prior to 3 June 2003 and to check available quantities against projected needs. While endeavouring to adopt all approved and funded contracts containing essential drugs for delivery to alternative locations, WHO has also submitted a proposal for the purchase of some 250 essential drugs in quantities sufficient to cover three-month needs, with an estimated value of $22 million. The submission of a similar proposal for vaccines is expected shortly. The requirement to have goods shipped prior to 3 June 2003 remains the main obstacle for full implementation of paragraph 4 (e) as some drugs and most vaccines are not available off the shelf and require longer manufacturing times. Notwithstanding the deadline mandated under resolution 1476 (2003), delays in the procurement of such items may interrupt the supply of medical items and result in shortages in the near future.

34. Paragraph 7 of resolution 1472 (2003) provides for fast-track approval of contracts for emergency supplies outside the programme, which remain subject to sanctions. The number of such applications stood at 176 as at 19 May 2003. Most of the applications (130) have been submitted by the United Nations agencies and programmes and other international organizations, including UNICEF (60), WFP (45), the International Committee of the Red Cross and the International Federation of Red Cross and Red Crescent Societies (12) and WHO (10). The remaining 43 have been submitted by various permanent missions on behalf of non-governmental organizations.

IV. Observation and monitoring activities

A. Inspection and authentication of humanitarian supplies

35. The process of inspection and authentication of humanitarian supplies by the United Nations independent inspection agents at the five authorized entry points to Iraq proceeded normally until the agents were withdrawn for security reasons on 17 March 2003 from the port of Umm Qasr and on 18 March from the other four border entry points. At the time of their departure from Iraq, the total value of supplies and equipment delivered under the ESB (59 per cent) and ESC (13 per cent) accounts

had reached some $27 billion, including more than $1.6 billion in spare parts and equipment for the Iraqi oil industry.

36. At the time of the withdrawal of the United Nations independent inspection agents from Iraq, some $57 million worth of consignments under 56 contracts were either under active discharge/delivery, or were reported to have been discharged or delivered soon after. The Office of the Iraq Programme carried out an investigation of the relevant documents and established that, in 29 cases involving some $20 million, the documents reasonably supported the suppliers' claim regarding delivery of goods in Iraq. On the basis of documentary evidence provided by the suppliers concerned and/or its own direct observation, Cotecna is now conducting an independent review of the 29 cases, with a view to carrying out a retroactive authentication. Investigation of the 27 remaining cases is under way, and a similar approach is to be applied where a prima facie case can be established which would enable Cotecna to independently confirm and authenticate the arrival of goods in Iraq.

37. Since the adoption of resolution 1472 (2003) and the authorization to establish alternative locations outside Iraq, the United Nations independent inspection agents (Cotecna) have been redeployed to alternative locations in Jordan, Kuwait, the Syrian Arab Republic and Turkey, and have started authentication of the goods received by the United Nations agencies and programmes under both the ESC (13 per cent) account and the ESB (59 per cent) account. There are currently 81 inspectors in those locations, who authenticate the goods either at alternative discharge locations or alternative sites for storing the goods outside Iraq established by the United Nations agencies and programmes. According to information available to the Office of the Iraq Programme, as at 19 May 2003, various consignments of food under the ESB (59 per cent) account totalling 274,000 tons had arrived at alternative locations, together with various consignments of goods under the ESC (13 per cent) account. The goods have either been authenticated or the authentication is in progress. The timeliness of authentication depends largely on United Nations agencies and programmes informing the Office of the Iraq Programme of the arrival of the goods at the alternative locations in order to enable that Office to dispatch Cotecna inspectors to those locations.

B. Monitoring of oil spare parts and equipment

38. The oil spare parts and equipment inspection team had carried out a total of 4,807 visits to various warehouses and sites in Iraq by 18 March 2003, when the team had to be withdrawn for security reasons. The Committee has so far approved a total of 468 contracts, worth $376 million, on condition of end-use/user monitoring and follow-up monitoring; the goods approved under 347 of those contracts, worth $265 million, had been delivered to Iraq and, in 323 cases, inspected prior to the withdrawal of the team.

V. Programme implementation

A. Sectoral focus

Food

39. The Government of Iraq started distributing two-month rations in July 2002. From December 2002 to the end of February 2003, it carried out three distribution cycles, to cover food entitlements up to July 2003. On 15 March, the Government also announced the start of the distribution for August, which could not be confirmed by the United Nations observation mechanisms. Despite the distribution of advance rations, interviews with beneficiaries carried out at the beginning of March 2003 indicated that household food stocks would last only until the end of April. A United Nations rapid needs assessments carried out in Nasiriyah (Thi-Qar governorate) on 19 April confirmed that household food reserves would last only until the first week of May. The reason for this is that the food entitlement constitutes the only source of income for the most disadvantaged (60 per cent of the population), who sell a portion of their ration to procure other essential commodities.

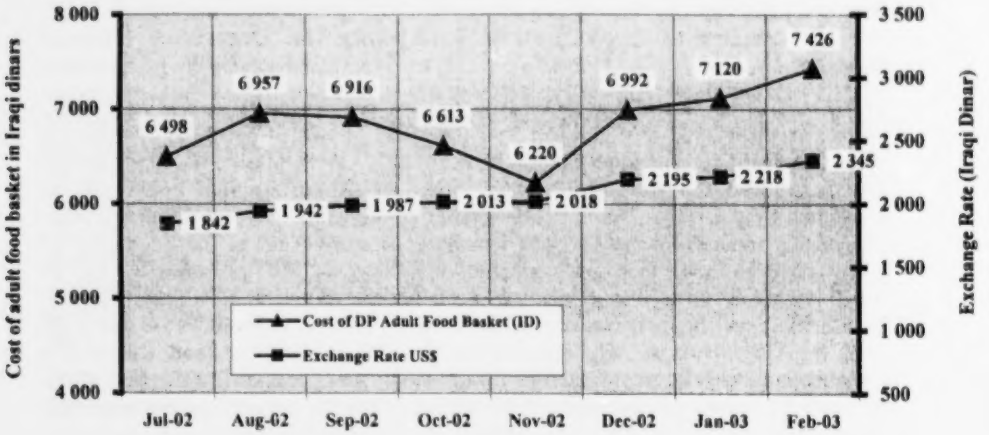
40. In the centre and south, food and flour agents distributed about 2.15 million tons of food commodities procured under the programme, including some loaned by the Government, to 22.4 million beneficiaries from December 2002 to February 2003. From December 2002 to March 2003, the Government loaned from its national stocks to the programme 100 per cent of wheat flour and, on average, 42 per cent of vegetable oil, 25 per cent each of tea, soap and detergent, and 8 per cent each of sugar and infant formula.

41. Owing to low in-country stocks, distribution of pulses and dried whole milk was lower than the amount stipulated in the distribution plan for phase XIII, thus reducing the daily intake of protein and calories which were available through the food basket. The monthly food ration for June/July, distributed in February 2003, provided 2,094 kilocalories and 44 grams of protein, or 85 per cent of energy and 75 per cent of protein requirements.

42. In February 2003, the cost of the food basket, calculated on the basis of the distribution plan for phase XIII, increased by 6 per cent compared to December 2002. The Iraqi dinar depreciated by 7 per cent in the same period. The price increase and the exchange rate fluctuation were probably related to the uncertain situation. No information on market prices has been available since mid-March.

43. Since the beginning of the conflict and as at 30 April 2003, one shipment of 879 tons of wheat flour, worth $196,093, procured under the programme had been dispatched from Kuwait to Nasiriyah (on 29 April).

Market price of the food basket



Note: Calculations are made on the basis of the adult ration in the phase XIII distribution plan and the market prices of the various commodities.

The three northern governorates

44. From December 2002 to March 2003, the programme-allocated warehouses received 149,245 tons and distributed 232,312 tons of food commodities to 3.6 million beneficiaries. In contrast to the situation in the centre and south, by mid-March 2003 the full ration was distributed only in the case of tea for the distribution cycles up to July. The distribution of wheat flour was lagging behind by about five months because of persisting slow deliveries from the Kirkuk and Mosul mills. The United Nations brought this problem to the attention of the Ministry of Trade in January 2003, but the situation remained unresolved. In Erbil and Dahuk, wheat flour was distributed until February, while in Sulaymaniyah February wheat flour distribution was 90 per cent complete.

45. Under its supplementary feeding programme, the United Nations distributed 2,235 tons of food to 56,759 vulnerable people, such as pregnant and lactating women, and children in nurseries and kindergartens. This includes 12.8 tons of food commodities distributed to newly displaced populations. In February 2003, hospitals and social institutions received a three-month advance ration, up to May 2003, as a contingency in view of the possible conflict. The school feeding project, targeting 2,729 rural primary schools, distributed a total of 2,121 tons of high-energy biscuits to 371,623 students from December 2002 to April 2003.

46. In February 2003, the United Nations in Sulaymaniyah completed a survey of 900 households on appropriate feeding practices, to establish key indicators and assess implementation. The survey shows the importance of raising awareness among caretakers with regard to nutrition, home health care and appropriate feeding practices in addition to the timely introduction of complementary feeding.

47. The small ruminants rearing project continued for 10,037 beneficiaries. In Dahuk, observations indicate that livestock distributed in 2001 to the targeted 2,300

female-headed households in 269 villages increased by 31 per cent and provided sustainable income to meet family needs such as health expenses and school fees.

48. From 18 March to 30 April 2003, 12,425 tons of food commodities (high-energy biscuits, dried skimmed milk, rice, pulses, sugar and vegetable oil), valued at about $6.6 million, were dispatched from countries neighbouring Iraq to the three northern governorates, and to Baghdad, Mosul and Kirkuk. These commodities are resourced through the programme. They were pre-positioned prior to the conflict in order to ensure the timely continuation of programme activities.

Transport and food handling

49. The procurement of new locomotives, spare parts and material under the programme for the rehabilitation of the railway lines continued until February 2003. Track-laying operations for the new second mainline of the railway progressed in the Beiji-Mosul and Hilla-Samawah sections. By December 2002, approximately 20 km of new track was placed in service in the Beiji-Mosul section, the trains travelling initially at a speed of 80 km per hour. In the same period, 4,600 tons of new rails arrived — sufficient to construct 38 km of track. In February 2003, upgrading of the 115-km rail line between Mosul and the Syrian border was also under way. The plans of Iraq Republic Railways included construction of a second track and alignment changes to eliminate excessive curvatures. While the rehabilitation of the railways made it possible to increase the average speed of trains, lack of communications equipment slowed further progress.

50. Arrival of new port equipment improved offloading performance, and contributed to the maintenance of draft levels and dredging operations. Lack of equipment for wreck clearing continued to be a problem, however, reducing the positive impact on the speed and efficiency of port operations.

51. The delivery of vehicles of different capacities procured through the programme, particularly long-haul trucks, permitted the renovation of the fleet and increased the capacity for transport of commodities in absolute terms and through diminution of turn-around time. Furthermore, the arrival of new buses facilitated the re-establishment and improvement of urban and intra-city passenger services.

52. Locally produced tyres, which sell at lower prices than comparable imported brands, were distributed to the State Company for Shopping Centres in the centre and south governorates. From 2001 to 2002, the average monthly tyre production increased by 15 per cent in Najaf and 50 per cent in the Qadissiya factory. The rejection rate at the Najaf facility decreased from 4.2 per cent in 2001 to 3.8 per cent in 2002 and 2.3 per cent in January-February 2003, and from 4.2 per cent in 2001 to 3.2 per cent in 2002 at the Qadissiya factory.

53. In the vegetable oil industry, the installation of 30 pumps for boilers and transferring viscous fluid increased plant performance. By February 2003, chemicals (alpha aluminium hydroxide, sorbitol etc.) procured under the programme and necessary for the production of locally made toilet soap and toothpaste at reasonable prices had arrived. All five vegetable oil factories in Baghdad, Missan and Salah al-Din operated at 30 to 40 per cent of their designed capacity, mostly owing to the shortage of spare parts and raw material. Refined vegetable oil and detergent produced at the Baghdad and Missan factories were included in the monthly food basket. The Government of Iraq was trying to rehabilitate production lines for vegetable oil and detergents in order to progressively reduce imports of such supplies under the programme.

54. In the transport and food-handling sectors, contracts affected include those for clearance of wrecks from approach channels and adjacent to berths in the port of Umm Qasr; spare parts, equipment and locomotives for the railway; cheese-processing equipment for the dairy industry; raw materials and equipment for tyre production; and laboratory equipment. In some cases, the resulting delays had a negative impact on the utilization of complementary programme investments. For example, the delay in clearing the wrecks at Umm Qasr port meant that dredging operations to maintain draft levels continued to be hindered, while three berths remained inaccessible. Thus, the full benefit of improvements to shore handling operations could not be realized. In other cases, delays in the supply of raw materials and equipment, such as those for the tyre factory, led to reduced availability of locally produced products, which offered an attractively priced alternative to costly imports.

Health

55. Diagnosis and treatment capacity continued to improve, as a result of the greater availability of drugs, medical supplies and equipment procured under the programme. Ministry of Health data released in January 2003 indicated that, in 1989, the monthly average number of laboratory investigations was 1.5 million. It decreased to 0.5 million in 1997 and rose again to more than 640,000 in 2002. Although from 1997 to 2002 the number of laboratory investigations increased by 28 per cent, this represented only 43 per cent of the capacity in 1989. Similarly, the number of major surgical operations grew by 54 per cent from 1997 to 2002 (from 4,537 to 6,750), but the actual capacity represented only 40.3 per cent of the level in 1989 (15,125 operations). The prevalence of some communicable diseases had started to decrease. A review of the trends in the incidence rates of reported communicable diseases in the centre and south of Iraq from 1997 to 2001 reveals a downward trend for cholera, cutaneous leishmaniasis, diphtheria, German measles, malaria, measles, meningitis, mumps, neonatal tetanus, poliomyelitis, scabies, tetanus and tuberculosis. Patients suffering from chronic disease continued to receive their monthly share of drugs. The Ministry of Health had reported in January 2003, for the first time since the start of the programme, a decrease in absolute mortality figures for children under 5 and persons over 50 years of age.

56. From December 2002 to April 2003, commodities valued at $97.1 million arrived, and $37.5 million were distributed to health facilities, countrywide. In the 15 central and southern governorates, the public sector continued to be the main recipient (78.7 per cent) of the medicines and medical supplies procured under the programme. Distribution from warehouses to health facilities was based on patient load, catchment population, and number of beds and specialty of the health facility. The efficiency of distribution improved as a result of the arrival of vehicles and handling equipment procured under the programme. In February 2003, the lag time for the delivery and distribution of items from the Department of Health warehouses to health facilities was 6 days, compared to 10 days in December 2002.

57. From December 2002 to March 2003, the availability of essential drugs and supplies assessed at different levels of health facilities revealed adequate quantities of most of the 69 medicines randomly observed; shortages of items such as cough mixtures and albendazole syrup (worm expeller), antibiotics, antibacterial and muscle relaxants were alleviated through the supply of drugs produced locally in pharmaceutical factories that received programme inputs.

58. Comparative analysis of United Nations assessments of local pharmaceutical plants, carried out in the last three years, showed that installation of equipment and the availability of raw materials procured under the programme increased production from 5 per cent in 1999 to more than 50 per cent of the designed capacity in 2002. Machinery received could not be fully utilized, however, owing to the lack of a core production line (ampoule production) and accessories required in the manufacturing process.

59. The first and second rounds of countrywide national immunization days for polio were conducted in January and February 2003. The country has remained polio free for the last 39 months.

The three northern governorates

60. In December 2002, Ministry of Health/Kimadia warehouses carried out their annual inventory, which affected the distribution of medicines and medical supplies to the three northern governorates. Delivery of supplies from December 2002 to April 2003 amounted to over $3 million, while items worth $1.95 million were distributed to health facilities. The value of medical stocks as at 28 February 2003 amounted to some $14 million. In February 2003, in anticipation of the possible conflict, stocks of medical supplies and drugs for two months were distributed to most health facilities (on average, $50,000 worth of drugs and supplies distributed to each hospital). This policy proved to be effective, as by the end of April few health facilities were reporting shortages.

61. The $3.33 million worth of medical equipment and devices installed in different health facilities in January and February 2003 have enhanced the delivery of diagnostic services. The first mobile mass chest X-ray unit, and a cardiology care unit central monitoring station and haemodialysis machines with water treatment units were set up, improving therapeutic patient care. About 1,500 patients who used to travel to Mosul or Baghdad for such examinations are now screened and treated on the newly introduced equipment.

62. In December 2002, the United Nations carried out a survey on immunization coverage rates of children under 1 year of age. This showed that, in 2001, only 26 per cent of children under 1 year were fully immunized, owing to the unavailability of vaccines and the irregular supply. From December 2002 to April 2003 no vaccine shortages were observed, and defaulter immunization tracing continued in primary health-care centres. Routine activities including mumps, measles and rubella vaccination have continued even during the crisis.

Nutrition

63. The Government of Iraq started local production of iron (ferrous sulphate 200 mg) and folic acid tablets (1 mg), which, since November 2002, have been available at end-user sites. During the period under review special milk powder was not available for distribution. In January-February 2003, iron folate was available at 91 per cent; vitamin A drops at 50 per cent; and vitamin A capsules at 18 per cent of the sites visited. The distribution of vitamin A and iron folate was equitable and efficient. Primary health-care centres and hospitals submit requests for supplies to the Department of Health in the governorate, which then forwards them to the central level. Supplies are distributed on the basis of these requests.

The three northern governorates

64. In November 2002, the United Nations carried out a nutrition survey in the three northern governorates, which indicated that 8 per cent of children under 5 years of age were underweight, compared to 10.7 in June 2001. Since nutrition surveys conducted during the summer months always reflect the impact of higher rates of diarrhoea among children during the hot season the improvement shown in the November 2002 survey is not so significant. Despite treatment of malnourished children through large-scale screening and distribution of high protein biscuits and supplementary feeding, the lack of proper feeding of children by caretakers, chronic diarrhoea and acute respiratory infections continued to be a problem. In response, the United Nations continued training in appropriate feeding practices, breastfeeding and hygiene.

Water and sanitation

65. From January to October 2002, the United Nations carried out an assessment of 30 urban and 30 rural water systems in the 15 central and southern governorates,[2] which serve approximately 6.5 million people. Since the inception of the programme, to respond to the needs of a growing population and the extensions of the network, the Government of Iraq had installed pumps, chlorinators and chlorine boosting pumps, as well as water purification chemicals (chlorine, aluminium sulphate and bleaching powder). The estimated increment in water production after their installation stands at 138,339 m^3 per day, and the total output at water treatment facilities reached 1,258,703 m^3 per day.

66. Although water treatment facilities require a continuous supply of spare parts of pumps and other electromechanical equipment, applications for spare parts have been limited. This compelled the Government to procure spare parts in the local market, which often do not correspond to specifications, or to replace the pumps with new ones. Chlorinators were often damaged, because of either the high pressure in the chlorine cylinders or the lack of appropriate spare parts. As the parts were not available in the market, new chlorinators were used to replace the damaged ones.

67. From June to December 2002, the United Nations carried out an assessment of garbage collection systems in the 15 central and southern governorates. Since 1996, a total of 1,874 vehicles and equipment have been distributed for waste collection and disposal, of which 1,315 (70 per cent) have been procured with programme resources. The deployment of the vehicles minimized indiscriminate dumping of garbage in the cities. However, the fleet is overstretched and 600 more vehicles are still needed for optimal deployment. The assessment showed that the garbage collection fleet has been used mainly for door-to-door and communal collection of garbage. In the main cities, approximately 75 per cent of the waste generated was collected.

The three northern governorates

68. Prior to the conflict, testing of samples for water quality throughout the three northern governorates indicated that chemical contamination is within the range of WHO guidelines. Bacteriological contamination continued to be problematic, however, particularly in rural areas. In February 2003, 19 per cent of water samples

[2] The assessment was conducted on 53 water treatment plants, 23 water treatment compact units, 26 boosting stations and 60 distribution networks.

in rural Erbil and 32.9 per cent in rural Dahuk were contaminated. By April 2003, contamination levels had increased to 29.1 per cent in Erbil and 34.2 per cent in Dahuk. In the urban centres of Erbil and Sulaymaniyah, the contamination levels of 11.7 and 13.2 per cent, respectively, exceeded WHO acceptable limits of 6.7 per cent, but in Dahuk (4.8 per cent), it remained within WHO guidelines. Lack of chlorination, particularly in rural areas, illegal house connections, especially in Erbil, frequent power failures, poor maintenance and lack of replacement of old, corroded and leaky pipes, and poorly maintained water networks allowed sewage to infiltrate the water network, which explains the high level of contamination. Most of the corroded and leaky pipes have to be replaced to reduce contamination rates. In response, the United Nations provided villages with chlorinators and chlorine tablets, and constructed household latrines, thus enhancing hygiene conditions.

69. From December 2002 to April 2003, the United Nations continued also to improve potable water services in urban areas. Water supply capacities were enhanced through the installation of booster pumps and diesel generators for pumping stations and extension of the network. Training of local authority technicians improved the management and maintenance of water systems. However, the implementation of the urban water project suffered delays, as visas for international personnel were not granted. Until the suspension of the programme, only one international staff member was overseeing the project.

70. From December 2002 to April 2003, the United Nations provided water tankering to 2,285 internally displaced families in 13 settlements. Sanitation services, such as garbage disposal, were provided for 1,616 families living in seven camps to maintain hygiene standards. Internally displaced persons were actively involved in these activities, which both improved sanitary conditions in the camps and created short-term employment opportunities.

Agriculture

71. In December 2002, the United Nations poultry productivity assessment report indicated a seven-fold increase in the production of chicken meat from an annual per capita total of 0.66 kg in 1998 to 5 kg in 2001. The assessment also revealed sub-optimal performance during 2000 and 2001 in all poultry farms, owing to an inadequate supply of veterinary vaccines, antibiotics and vital feed ingredients. These results can largely be attributed to availability of inputs procured under the programme.

72. To expedite the approval of contracts for live attenuated vaccines for cattle, the Government of Iraq agreed, in February 2003, that the United Nations should take charge of their distribution. Shortages of live attenuated vaccines against infectious diseases, such as foot-and-mouth disease, Newcastle, Gumboro, Marek's and enterotoxaemia, have had a negative impact on animal and poultry productivity.

73. United Nations observers surveyed cotton production in December 2002 and January 2003. The survey showed that, while seeds and fertilizers procured under the programme were provided in a timely manner, they covered only 20 per cent of the needs. Farmers were satisfied with the price and quality of the inputs distributed. The shortage of irrigation water, scarcity of collection and marketing centres, high labour costs for cotton harvesting, and incidence of pests such as bollworm and whitefly, and weeds, remained constraints.

74. In January 2003, the United Nations completed an impact assessment of the centre pivot irrigation system imported under the programme. This found that the

amount of land irrigated had increased by 67 and 381 per cent during the winter and summer seasons, respectively, and that yields had increased from 1.6 to 3.6 tons per hectare for wheat and maize. The assessment's recommendations include undertaking a proper irrigation schedule, conducting regular training of end users, and establishing mobile repair workshops.

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75. According to United Nations data, the average rainfall reached a high of 599 mm from December 2002 to April 2003. The impact on crop production is promising and a bumper crop of wheat and barley is expected this year. From October 2002 to March 2003, a total of 2,144 tons of improved wheat seeds, 3,431 kg of vegetable seeds and 1,157 tons of fertilizers, crucial to crop production, rehabilitation of nurseries and establishment of orchards, were distributed to 27,924 farmers. In March, however, wholesale wheat and barley prices reached a low of 800 old Iraqi dinars (OID) or $100 per ton, and further dropped to OID 500 ($81) for wheat and OID 450 ($73) for barley in April 2003. Local demand remains depressed, largely because of the impact of food entitlements and the inability of the programme to procure wheat locally.

76. The United Nations continued large-scale vaccination campaigns, immunizing 2.47 million sheep, goats and cattle against foot-and-mouth disease, and 0.5 million against enterotoxaemia. The programme also distributed vaccines against Newcastle disease for 22.6 million chicks, and poultry drugs for another 31.9 million. Distribution of feedstuffs for about 279,000 chicks reached 40 poultry farmers throughout the three northern governorates. Artificial insemination of cows and support to fish farms continued. These efforts were intended to increase the availability of animal protein in the diet of the population and generate income for farmers.

77. Irrigation projects continued on 450 hectares of arable land, benefiting 500 families. The drilling of 152 wells was completed in Sumail, Koisinjaq and Garmian, areas that had been deeply affected by the droughts of 1999-2002. These wells will supply water to about 15,000 animals and irrigate roughly 300 hectares for about 650 farmers. The construction of 64 irrigation schemes, designed to irrigate 1,800 hectares of arable land for 2,000 families was suspended in March 2003 for security reasons.

78. Of 301 tractors procured under the programme, 273 had been sold to farmers by mid-March 2003. The remaining 28 tractors had been loaned to the local authorities for agricultural and forestry activities. Spare parts and tyres for tractors were distributed to 11,870 farmers.

Electricity

79. Two new units, of 159 megawatts each, at Beiji gas power station were energized in January 2003. Additionally, two rehabilitated units (100 MW each) at Najibiya thermal power station were synchronized to the grid. The expected available generating capacity during the coming summer has been estimated at 5,200 MW, assuming that the available capacity from the hydropower stations remains at 700 MW and that infrastructures did not suffer major damage during the conflict.

80. During the winter, when consumer demand is lower, the Commission of Electricity conducted routine maintenance of power plants. This resulted in an increase in the number and duration of scheduled power cuts, as compared to the

same period in the previous year. Essential services such as hospitals, water treatment plants, and irrigation systems remained exempt from scheduled power cuts, however.

81. In December 2002 observations confirmed that the Commission of Electricity had begun the construction of 400 kV new transmission lines, 80 km from Hartha to Khor al-Zubair, and approximately 95 km from Baghdad South substation via Baghdad East substation to Ba'aquba. Commissioning was expected by June 2003. Many disruptions were encountered in the power supply because of the poor condition of the transmission and distribution networks. No additional load can be accommodated until the network is rehabilitated and reinforced. The materials received for the distribution network are not sufficient to stop further deterioration, and requests to connect new consumers are rarely honoured, affecting also the boom in housing construction.

82. In the electricity sector, the Qadissiya and Ur State companies, which produce distribution transformers, cables and conductors, lacked adequate supplies of raw materials and spare parts. After the adoption of resolution 1409 (2002), many applications for raw materials were approved. Changes in market prices for aluminium and copper, and lack of funds, hindered the procurement of these items. This affected production levels, which were standing at 20 to 30 per cent of the nominal capacity prior to the beginning of hostilities. Lack of funds for applications, valued at $360 million, will forestall the addition of an extra 1,090 MW of generating capacity. Complementary items for new thermal power plants under construction at Yousifya and Al-Shimal are essential to complete the projects. No funds are available for the two units for a new gas power station at Najaf. After the conflict the power stations are even more essential to cope with the load demand.

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83. Owing to the increase in seasonal rainfall, the water levels at Dokan and Darbandikan dams in Sulaymaniyah governorate were respectively 6 m and 3 m higher than the same period of the previous year, and are approaching full storage capacity. The level of generation, however, remained constant at 276 MW, as the introduction of consumer tariffs by the Sulaymaniyah local authorities dampened demand. In Sulaymaniyah, supply to consumers increased from 6 amperes to more than 12 amperes (limited only by tariff), 24 hours a day. In Erbil, daily supply from the Dokan hydropower station and the 29-MW plant averaged 100 MW. Supply was available 16 hours per day, though it remained limited to 4 amperes per household. Ordinarily, Sulaymaniyah and Erbil loads would be almost equal, at approximately 200 to 240 MW. The decision to supply Erbil with 80 MW from Sulaymaniyah was the result of an agreement between the Erbil and Sulaymaniyah local authorities. In view of the current dam levels and inflow data, there is no technical reason why more power could not be given to Erbil if the local authorities could agree on the distribution of the output generated and its financial implications.

84. In January 2003, the Government of Iraq reduced the supply of fuel to the three northern governorates. Fuel provision was interrupted for a large part of March and April 2003. This has not seriously affected the operations of the three 29-MW plants since, by the end of February 2003, with the resources available from the programme, the local authorities had managed to fill the storage tanks. The Sulaymaniyah and Erbil governorates could have reduced the power generation from 29 MW without an adverse impact, as sufficient water is available in the dams.

85. In Dahuk, where electricity is supplied from the national grid through Mosul, supply varied from 30 MW in December 2002 (16 per cent of the needs) to more than 90 MW in March 2003 (48.3 per cent of the needs). Electricity provision was interrupted between 3 and 14 April 2003, however, disrupting water supply and hospital services and affecting half a million people. During this period, the Dahuk governorate became totally dependent on the 29-MW plant and some small diesel generator sets procured under the programme. In April 2003, power supply reached essential services for only about 9 hours a day. In response, the United Nations put 58 additional generators into service for water pumping stations and households. At present, the Mosul dam is under the control of the local authorities from Dahuk, and employees of the former Government are back at work. However, there are technical problems of stabilization of power, thus small diesel generator sets are being used to supply electricity to equipment and plants.

86. The United Nations relocated 40 small diesel generators to unelectrified rural and semi-urban areas in the Erbil and Sulaymaniyah governorates, benefiting 1,200 households. The United Nations policy for relocation of generators prioritizes provision of electricity for water pumping, low-income households and other humanitarian needs. In addition, a strategic reserve of 70 larger diesel generator sets was created to provide emergency power in the event of hostilities. These sets came from areas where main supply is available.

87. Early in April 2003, new Shaqlawa and Harir substations were energized, providing reliable electricity supply to these two districts. The erection of a 33-kV line between the east and west Dahuk substations was completed, facilitating the transfer of power between the two substations and securing power supply to both halves of the city. In addition, a mobile 132/11-kV substation was relocated from Haji Awa to Zerinok district in Sulaymaniyah, providing electricity to an expanding low-income residential area.

88. Despite adverse working conditions due to rain and snowfalls, the rehabilitation and extension of the distribution network continued, securing reliable power supply for 85,000 domestic consumers from December 2002 to April 2003. Clearance and marking activities continued in 26 minefields along existing and proposed 132 and 33 kV power lines to be rehabilitated by the electricity network rehabilitation project.

Education

89. According to Ministry of Education estimates (1999/2000), 6,648 new schools needed to be constructed to meet the demand of population growth and eliminate double shifts, and 5,940 schools required rehabilitation or maintenance. Since the inception of the programme, commodities worth $251 million have arrived in the country for the education sector, only 4 per cent of which ($10 million) was for maintenance and rehabilitation materials. The arrival and distribution since September 2002 of rehabilitation materials, such as doors, window glass, paint and electricity supplies, have helped to improve the teaching and learning environment. The availability of titanium dioxide, procured under the programme, made the production of 416,000 litres of paint possible, benefiting primary and secondary schools throughout the centre and south of the country. Concurrent with the rehabilitation trend, some 150,000 school desks were repaired at local vocational school workshops. Parents' associations have played an important role in raising the funds necessary to defray the cost of installation and utilization of all distributed rehabilitation materials.

90. The United Nations reviewed the efficiency of distribution in the education sector. As at the end of February 2003, 74 per cent of the commodities arrived in the country reached end-user sites. The distribution of items for the higher education subsector was on average 90 per cent. In primary education, 63 per cent of the commodities that had arrived since the inception of the programme had reached the end users. The Ministry of Education distribution process was cumbersome and lengthy, with goods being delivered first to central warehouses in Baghdad and then transferred to governorate warehouses from where they could be collected by schools.

91. Commodities at Ministry of Education warehouses are categorized into two groups: those awaiting distribution and those waiting for complementary items. Printing press materials ($10.4 million) and equipment for distance education (television studios, etc.) were awaiting complementary parts. Contracts for television station and television studio equipment, and printing machines, had been approved since the adoption of the revised procedures under resolution 1409 (2002). Since the beginning of 2002, materials for desk manufacture worth $16 million have been stored at factories awaiting steel tubes for desk legs. Materials for vocational education ($8.5 million) were still in warehouses, as in the last 10 years enrolment in vocational institutions has dropped nearly 60 per cent.

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92. The United Nations statistics indicate a 15.5 per cent student population growth rate for secondary education and 13.7 for tertiary education from academic year 1996/97 to 2001/02. In 2002/03, the secondary education population reached 250,000 and in higher education 21,000. To meet the growing educational needs, the United Nations continued construction and renovation of schools and complementary facilities and provided the local authorities maintenance unit with plumbing, carpentry, metal work and electrical sets.

93. The United Nations agencies concerned continued to undertake training to improve teachers' professional skills, as well as to facilitate the distribution of didactic equipment and school furniture. More contractors were engaged in the production of student desks, which increased by 60 per cent in January 2003 compared with December 2002. Medical colleges and higher technical institutes received laboratory, gynaecology and physiotherapy equipment, electroencephalograph, surgical instruments and plastic training models of the human body. Vehicles, heaters, generators and split units were also provided to secondary and higher education institutions.

94. The United Nations supported interventions to preserve access and equal opportunities to vulnerable groups. In social reformatories in Erbil and Dahuk, vocational training courses were provided to 140 children in conflict with the law. In Dahuk City, a vocational training for 10 families with working children started, aiming to provide income-generation opportunities for the caretakers so that their children can return to school.

Telecommunications

95. The replacement of faulty telephone cables with new ones procured under the programme, the commissioning of new digital telephone exchanges and the expansion of outside plant added to the quality of the telecommunication network. Since January 2003, card-operated pay phones have been accessible at public places

such as hospitals, railway stations, airports, courts, banks, post offices, colleges and universities throughout the centre and south.

96. In January 2003, the United Nations carried out an impact assessment of the digital microwave television link which would replace the old microwave television links installed in 1970. Television transmission in nine districts of seven governorates (90,000 households) is relayed through these links. The quality of signals was poor, as spares to maintain this obsolete technology were not available.

97. Twenty-five microwave links were delivered from July to September 2002, intended to provide, upon installation, 4,800 additional channels for long-distance telephone calls to the Baghdad, Babylon, Qadissiya, Muthanna, Thi-Qar and Basrah governorates. Twenty-five telephone exchanges (185,000 lines), at different stages of installation/commissioning, were observed in the Baghdad, Mosul, Najaf, Diyala, Qadissiya, Missan, Anbar, Kerbala, Thi-Qar and Basrah governorates. Of the 40,000 lines commissioned, 10,000 lines were put into service in Baghdad (2,100 to replace old connections and 7,900 new lines). Of the 2,500 km of copper cables observed, 80 per cent were used to expand the outside plant network, creating an additional 85,000 lines.

98. The commissioning of the satellite earth station, initially scheduled in July 2002, was still incomplete, owing to defects in the civil works for the antenna foundation. While civil works were completed, the erection of the antenna was still pending. This impeded reliable international call connectivity.

99. The Iraqi Meteorological Organization received seven agro-meteorological instruments and radio transmitters procured under the programme. This equipment was installed in the Basrah, Ninewa, Kerbala, Missan and Anbar governorates and improved the collection of weather-related data for credible forecasting and planning purposes.

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100. Civil works were completed for the Dahuk main central exchange, microwave stations at Dinaran, Atroush, Bablo and Nazar, and the Shorash site in the Erbil governorate. Work at four remaining sites — Ba-waji, Sara, Sulaymaniyah central exchange and Bazyan in the Sulaymaniyah governorate — was delayed owing to adverse weather conditions. The United Nations has completed the tender process for the supply of a 40,000-line GSM cellular network for the three northern governorates, but contract negotiation was suspended owing to the current situation in Iraq.

Housing

101. The United Nations estimates that, in 2001-2002, a total of 150,000 dwelling units (28.16 million m^2) of new housing were built in the centre and south of Iraq to accommodate 1.14 million people.[3] A similar level of activities was registered in 1990, prior to the Gulf war. This has been possible because of the greater availability of building materials and the increased productivity of the local construction materials industry since the inclusion of the sector in the programme, in June 2000. However, owing to years of inactivity in the sector during the 1990s, and

[3] Considering the average household size of 7.6 persons.

the high rate of population growth, a severe housing shortage (1.4 million units) still exists in Iraq. Serious overcrowding of dwelling units (1.3 households per unit) and high room occupancy rates are a fact of life for large parts of the population. Basic infrastructure and services are stretched to the limit. By February 2003, the total number of building permits issued in the centre and south of Iraq since June 2000 reached 180,000. During December 2002, a total of 6,700 building permits were issued in the centre and south of Iraq. Because of the growing sense of insecurity, by February 2003 this number declined to 3,800.

102. Since the inclusion of the housing sector in the programme, the cement industry has received spare parts and equipment valued at $57.3 million for the rehabilitation of production lines and to improve the supply of raw materials from the quarries. A United Nations assessment carried out in January and February 2003 confirmed that cement production was increasingly meeting the demand. In 2002, production reached 7.7 million tons, representing a 30 per cent increase compared to 2001. This increase in production affected the price of cement, which decreased from ID 42,469 ($21.2) per ton in 2001, to ID 35,625 ($17.8) per ton in February 2003.

B. Additional programme activities in the three northern governorates

Settlement rehabilitation

103. From December 2002 to April 2003, the programme built 2,542 dwellings. However, it was estimated that more than 60,000 internally displaced families and 50,000 other vulnerable households were still living in unacceptable housing conditions throughout the three northern governorates. Since the inception of the programme, the settlement rehabilitation programme has built 22,000 houses and complementary services to respond to the needs of internally displaced persons who had left their areas of origin in the last 20 years. Although there have been some changes in the situation of internally displaced persons as a result of the recent conflict, some families having returned to their areas of origin, the resettlement of these persons remains a major humanitarian concern.

104. By January 2003, the programme had established a database and prepared a geographical information system atlas, including information on the existing needs for services in the most neglected municipalities and collective towns where the "old" internally displaced persons were living. The United Nations carried out a number of activities, together with the local authorities, to improve understanding of issues such as the selection of the beneficiaries and the appropriateness and sustainability of the projects. As a result, by February 2003, of 1,796 houses unoccupied for over a year in the Sulaymaniyah governorate, 1,746 were occupied and the allocation of the other 50 houses was finalized.

105. From December 2002 to March 2003, assistance to the old caseload of internally displaced persons continued through the distribution of winter relief items to 9,722 families ($1.15 million), the construction and rehabilitation of camps, training and socio-economic activities. Of the 23,104 "old" internally displaced families listed by the local authorities, the project verified that 18,675 were in need of humanitarian assistance.

106. In March 2003, the United Nations, in view of the increasing possibility of a conflict, conducted a survey to identify public buildings and campsites along possible routes of displacement within the three northern governorates and between the centre and south and the north of Iraq. The project also supported local authorities in establishing seven new camps and four registration facilities and carried out emergency preparedness training for the staff of local authorities. Following the outbreak of hostilities, the United Nations established a monitoring system to follow up displacement patterns. The initial assessment, conducted from 2 to 5 April, identified 264,261 new internally displaced persons from within the three northern governorates and the centre and south, 89 per cent of whom were hosted by relatives. The United Nations prioritized assistance for 28,463 "new" internally displaced persons in public buildings and in the open air. Using programme inputs, the United Nations provided tents, water tankering and sanitation to 2,751 families, and distributed non-food items to 948 displaced families from the centre and south ($164,157). Diesel generators were also supplied for camps for the internally displaced. Given the exceptionally severe winter conditions, the project also provided fuel to 545 displaced families and to the local authorities to continue provision of water tankering to newly displaced persons and host communities. A United Nations assessment carried out on 28 April 2003 showed that more than 99 per cent of the new caseload of internally displaced persons had returned to their places of origin.

107. At present, there are $2.11 million worth of relief items in stock in the three northern governorates. Shelter and other materials for 30,000 families and full packages of non-food items for 40,000 families (total value $12.36 million) are pre-positioned in the Turkish port of Mersin. These items are available for distribution in Iraq as needs dictate.

Mine action

108. Since December 2002, mine-clearing activities have been conducted in 188 minefields, supporting reconstruction, agriculture, water and sanitation, and electricity projects Demining teams cleared 196,886 m^2 of land, completed demining in 29 minefields (over 2 million m^2), and permanently marked 47 minefields, thereby reducing the impact of landmines and unexploded ordnance on the local population. Since April 1998, when the Mine Action Programme was established, 11.5 million m^2 (120 minefields) have been cleared; 8.8 million m^2 permanently marked and 7.5 million m^2 handed over to landowners. An assessment on 24 cleared minefields (860,095 m^2), finalized in mid-March 2003, indicated that mine-clearance activities had made possible the production of 114,880 kg of crops, access to land for 6,000 head of livestock, and enhanced water services for 100 families and 1,300 head of livestock.

109. In January 2003, the programme established a fourth local demining non-governmental organization in the Dokan region (Sulaymaniyah). Local non-governmental organizations, together with United Nations local staff, continued working throughout the crisis, carrying out mine risk education, permanent marking of minefields and explosive ordnance disposal, but not mine clearance. This has proved crucial in responding to the increased number of accidents caused by landmines and unexploded ordnance owing to the recent hostilities.

110. From December 2002 to April 2003, emergency surgical centres reported the admission of 160 new mine/unexploded ordnance victims in the Erbil and Sulaymaniyah governorates, 73 per cent of which occurred during March and April. In response, mine action activities were stepped up. From December 2002 to the end of April 2003, approximately 17,100 residents of 179 at-risk communities received training and, since mid-March 2003, the mine risk education emergency programme also targeted 84,500 newly displaced. Since 20 April 2003, the explosive ordnance disposal team in Dahuk is operating on the main road between Dahuk and Faida, which links Mosul to Dahuk. By the end of April 2003, the team had destroyed 53 cluster bombs, checked an area of 107,000 m^2 and recovered 1,364 pieces of unexploded ordnance.

C. Cross-sectoral considerations

111. Pursuant to paragraph 3 of Security Council resolution 1454 (2002), the United Nations prepared a technical paper on annual consumption rates on a number of items listed in paragraph 20 of annex B to the resolution. The estimation proposed was calculated on the basis of imports, and on the current situation in the various sectors involved. The document was presented to the Committee on 21 February 2003. Sectoral working groups on health, water and sanitation, transport and food handling, and electricity prepared profiles of the respective sectors in Iraq, reviewing the status, progress and constraints of the programme and the quality of services provided by relevant institutions. These have provided the good baseline indicators of the situation in different sectors in Iraq.

112. In the three northern governorates, the United Nations verified over 900 new locations and settlements and standardized spelling for over 5,000 locations that have been included in the Gazetteer, which was released in March 2003.

Impact of currency fluctuation on programme implementation

113. The United States dollar continued to depreciate against the old Iraqi dinar, the currency in circulation in the governorates of Dahuk, Erbil and Sulaymaniyah. In mid-April 2003, the dollar dropped to OID 5.8, its lowest rate since 1991. The continuous appreciation of the old Iraqi dinar has negatively affected local construction and rehabilitation works, resulting in slowed performance, high tender prices and the reluctance of local contractors to sign new contracts.[4] Although the programme recognizes the volatility of the exchange rate in the region, it continues to stand by its position which is consistent with the observation, made by the Office of Internal Oversight Services in its audit of 2001, that the currency is susceptible to manipulation since it is thinly traded, and the region has no Central Bank or financial institutions to regulate the currency markets. In addition, the currency is not officially recognized outside the region. Measures should be taken to address the

[4] United Nations field reports indicated that, at the beginning of March 2002, the construction of 116 primary schools had been stopped or re-tendered. Furniture production for secondary schools had been delayed by more than 40 per cent. Thirteen health projects valued at $4.3 million had been suspended or stopped owing to inflated bids of up to 50 per cent. In addition, 52 projects under study worth $117 million had to be suspended. In the resettlement sector, only four new contracts valued at $4.2 million were signed during January and February 2003, instead of the usual 15 to 20 new contracts signed monthly.

problem of currency fluctuation, which will hinder the completion of ongoing programme activities.

Procedures for project design and approval in the northern governorates

114. In January 2003, new formats and procedures for project design and approval were implemented. This resulted in the submission of higher quality project documents by implementing agencies, with more emphasis on inter-agency collaboration and monitoring and impact evaluation. A master list of projects was formulated, to rationalize the portfolio to fewer, better quality projects that directly meet the humanitarian needs of the people of northern Iraq, to improve project analysis and monitoring, and to facilitate substantive dialogue with implementing agencies. The master list was intended also to establish a direct linkage of existing databases on contract approvals and payments. In February 2003, the United Nations consolidated the implementation status of projects under the distribution plans for phases I to XIII in the three northern governorates, to facilitate programme management. From 28 November 2002 to 16 March 2003, of 59 projects in the health, nutrition, settlement of internally displaced persons, education, food handling, agriculture, infrastructure, and water and sanitation sectors, to the value of some $630 million, 30, amounting to some $335 million, had been approved by the inter-agency project approval committee under the new format. The programme has also finalized a draft of the inter-agency framework for the 3-year plan for northern Iraq. This document needs to be reviewed in view of the current circumstances, the phasing-out of the programme and the role of the United Nations in Iraq.

Assets procured under the ESD (2.2 per cent) and ESC (13 per cent) accounts

115. To enable the United Nations to develop policy guidelines on the insurance of assets imported under the programme in the three northern governorates, a profile of fixed and non-expendable assets procured under the ESD (2.2 per cent) and ESC (13 per cent) accounts was prepared in February 2003. High-value assets include the three 29-MW generators, drilling rigs, and medical equipment. Fixed and non-expendable assets in the three northern governorates (over 40,000 items) are estimated at about $1 billion. The inventory is intended to provide an essential information base for the orderly handover of programme assets, subject to a decision by the Security Council.

VI. Conclusions

116. Since its inception in 1996, the programme has been implemented within the context of a very rigorous sanctions regime. It has made a major difference in the daily lives of the Iraqi people, serving as a lifeline to a large segment of the population.

117. As at 20 May 2003, total oil proceeds since the start of the implementation of the programme was approximately $65 billion, of which more than $46 billion had been allocated to the humanitarian programme. A total of $38 billion had been apportioned to the 15 governorates of the centre and south and $8.11 billion to the three northern governorates.

118. To date, more than $28 billion worth of goods has been delivered to Iraq as a whole, including $13 billion for foodstuffs, $2.2 billion for food handling,

$2.21 billion for medicines, $1.17 billion for water and sanitation, $2.01 billion for electricity, $2.29 billion for agriculture and irrigation, $1.66 billion for housing, $1.19 billion for transportation and telecommunications, $586 million for education and $1.6 billion for oil spare parts and equipment. In addition, goods to the value of $9.4 billion are currently in the pipeline for the centre/south and $1.55 million for the three northern governorates.

119. The implementation of programme activities during the current phase XIII was suspended temporarily due to the recent conflict, which necessitated the withdrawal of United Nations international personnel from Iraq on 17 March 2003. However, some activities continued to be undertaken by the United Nations national staff, especially with regard to the distribution of food and medical supplies. Despite precarious security conditions, an increasing number of United Nations international staff began returning to Iraq as of 4 April, and have resumed, subject to security conditions, implementation of programme activities. Currently the total number of United Nations international staff in Iraq is over 400.

120. I should like to appeal to all concerned to give absolute priority to the interests of the Iraqi people, who have suffered far too long. All necessary measures should be taken to normalize life for the Iraqi population by urgently ensuring the restoration of security throughout the country, resuming the distribution of the food basket and restoring essential social/public services, with the full participation of the Iraqis themselves.

121. The Security Council has now decided in its resolution 1483 (2003) that, with the exception of prohibitions related to the sale or supply of arms and related materiel, all prohibitions related to trade with Iraq and the provision of financial or economic resources to Iraq shall no longer apply. The Council has also decided to phase out the oil-for-food programme over a period of six months, following the adoption of resolution 1483 (2003) on 22 May 2003. As requested by the Council, I shall continue to fulfil the responsibilities entrusted to me under resolutions 1472 (2003) and 1476 (2003), in coordination with the Authority, and to terminate within this time period the ongoing operations of the programme and to transfer responsibility for the administration of any remaining activities to the Authority.

122. While the phasing out of the oil-for-food programme is a logical consequence of the termination of sanctions, it will be essential that those who have responsibility for the effective administration of the country ensure that the people of Iraq are provided with the necessary essential services and, in particular, with food and medicine. In line with the mandate outlined in resolution 1483 (2003), the United Nations system will continue to provide humanitarian assistance, as well as helping Iraqis in their complex reconstruction efforts.

123. I should like to pay tribute to all United Nations international and national staff both in the field and at Headquarters, working under the leadership of the Executive Director of the Office of the Iraq Programme and the Humanitarian Coordinator, for their commitment and dedicated services to alleviate the suffering of the Iraqi people under very difficult circumstances. I wish to pay special tribute to our national staff who courageously continued to deliver essential supplies throughout the period of the conflict.

Annex I

Allocation of total oil revenue among the various funds and corresponding expenditures as at 30 April 2003

1. As at 30 April, €4.16 billion had been deposited into the account for phase XIII as authorized under resolution 1447 (2002), bringing the total value of oil sales since inception to $37.33 billion and €28.78 billion.

2. The allocation of total oil proceeds received since the inception of the programme to date and the corresponding expenditures as at 30 April are as follows:

(a) The sums of $19.7 billion and €16.37 billion have been allocated for the purchase of humanitarian supplies by the Government of Iraq, as specified in paragraph 8 (a) of Security Council resolution 986 (1995). In addition, $847.1 million and €1.14 billion of interest earned in these accounts were available for the purchase of humanitarian supplies in the central and southern governorates of Iraq. Letters of credit issued by the Banque nationale de Paris, on behalf of the United Nations, amounted to approximately $22.3 billion and €15.77 billion for humanitarian supplies and oil industry spare parts for Iraq; payments amounted to $19.53 billion and €9.04 billion under phases I to XIII;

(b) The sum of $8.12 billion has been allocated for the purchase of humanitarian goods to be distributed in the three northern governorates by the United Nations Inter-Agency Humanitarian Programme, as specified in paragraph 8 (b) of resolution 986 (1995) and as revised by paragraph 2 of resolution 1153 (1998). Expenditures recorded for humanitarian goods approved by the Security Council Committee amounted to $5.99 billion;

(c) The sum of $17.96 billion has been transferred directly into the United Nations Compensation Fund, as specified in paragraph 8 (c) of resolution 986 (1995). A total of $314.8 million has been allotted to cover the operating expenditures of the Compensation Commission until 31 December 2003, and an amount of $16.93 billion for payment of various instalments of A, C, D, E and F category claims;

(d) The sum of $1.11 billion has been allocated for the operational and administrative expenses of the United Nations associated with the implementation of resolution 986 (1995), as specified in paragraph 8 (d) of the resolution. Expenditures for administrative costs for all United Nations entities involved in implementing the resolution amounted to $804.9 million;

(e) The sum of $468.9 million has been allocated for operating expenses of the United Nations Special Commission and its successor, the United Nations Monitoring, Verification and Inspection Commission established by resolution 1284 (1999), as specified in paragraph 8 (e) of resolution 986 (1995). Expenditures for the Commission amounted to $151.5 million;

(f) The sum of $1.4 billion has been set aside for the transportation costs of petroleum and petroleum products originating in Iraq exported via the Kirkuk-Yumurtalik pipeline through Turkey, in accordance with paragraph 8 (f) of resolution 986 (1995) and in line with procedures adopted by the Committee. Of that amount, $1.2 billion has been paid to the Government of Turkey;

(g) The sum of $209.5 million has been transferred directly to the escrow account established pursuant to resolutions 706 (1991) and 712 (1991) for the repayments envisaged under paragraph 6 of resolution 778 (1992), as specified in paragraph 8 (g) of resolution 986 (1995) and subsequently in paragraph 34 of my report dated 25 November 1996 (S/1996/978). The total of repayments made amounted to $209.5 million.

Annex II

Oil proceeds and humanitarian supply letters of credit as at 30 April 2003

Oil proceeds (United States dollars)

Phase	*Last deposit*	*Number of letters of credit opened*	*Value of letters of credit*
I	27 June 1997	123	2 149 806 395.99
II	2 January 1998	130	2 124 569 788.26
III	30 June 1998	186	2 085 326 345.25
IV	28 December 1998	280	3 027 147 422.35
V	25 June 1999	333	3 947 022 565.12
VI	23 December 1999	352	7 401 894 881.57
VII	10 July 2000	353	8 301 861 931.46
VIII	5 December 2000	319	8 296 257 148.06
Total		**2 076**	**37 333 886 478.06**

Oil proceeds (euros)

Phase	*Last deposit*	*Number of letters of credit opened*	*Value of letters of credit*
VIII	29 December 2000	63	1 579 613 927.64
IX	5 July 2001	204	6 668 418 518.42
X	2 January 2002	216	5 916 743 692.25
XI	25 June 2002	180	4 934 707 709.36
XII	9 January 2003	230	5 496 147 048.77
XIII	17 April 2003	157	4 185 475 828.23
Total		**1 050**	**28 781 106 724.67**

Humanitarian supply letters of credit for the ESB (59 per cent) account and bulk procurement (United States dollars)

Phase	*Number of letters of credit opened*	*Value of letters of credit opened*	*Bank payments made on delivery*
I	870	1 229 078 786.79	1 209 308 382.81
II	538	1 193 975 676.69	1 179 588 382.74
III	672	1 210 934 759.07	1 181 010 934.72
IV Humanitarian supplies	718	1 601 338 031.83	1 548 413 959.25
IV Oil spare parts	508	285 890 355.49	268 158 639.54
V Humanitarian supplies	1 074	1 917 799 476.60	1 802 931 522.38
V Oil spare parts	553	306 825 285.85	285 689 837.35
VI Humanitarian supplies	1 760	3 709 323 164.78	3 116 234 499.68
VI Oil spare parts	999	609 968 609.38	412 033 485.50
VII Humanitarian supplies	2 481	4 442 009 282.24	3 867 089 913.34
VII Oil spare parts	915	601 913 094.16	405 001 563.68
VIII Humanitarian supplies	1 758	4 802 866 923.82	3 952 236 429.59
VIII Oil spare parts	528	393 885 892.87	310 169 043.84
Total	**13 374**	**22 305 809 339.57**	**19 537 866 594.42**

Humanitarian supply letters of credit for the ESB (59 per cent) account and bulk procurement (euros)

Phase	*Number of letters of credit opened*	*Value of letters of credit opened*	*Bank payments made on delivery*
VIII Humanitarian supplies	386	887 934 537.14	559 124 851.52
VIII Oil spare parts	202	216 027 086.00	109 424 816.87
IX Humanitarian	1 352	4 011 886 271.62	2 836 249 509.34
IX Oil spare parts	509	639 730 117.61	426 729 023.10
X Humanitarian	1 157	3 587 255 792.58	2 720 904 365.79
X Oil spare parts	460	394 076 509.97	132 162 186.44
XI Humanitarian	882	2 715 561 063.72	1 782 651 384.72
XI Oil spare parts	66	37 738 986.88	19 874 450.17
XII Humanitarian	565	2 214 973 698.51	450 448 930.26
XII Oil spare parts	356	262 252 658.35	7 231 827.18
XIII Humanitarian	151	800 334 200.60	
Total	**6 086**	**15 767 770 922.98**	**9 044 801 345.39**

Annex III

Status of account applications for all sectors, as at 12 May 2003

Status of ESB (59 per cent) account applications

(Millions of United States dollars)

Sector	Total of distribution plan allocations	Applications received		Received versus allocated	Notified/approved by Secretariat		OIP review[a]		GRL non-compliant/inactive		GRL notice/GRL processing		Approved by Committee		Returned hold		Block null/void
	Value	No.	Value	Percentage	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Humanitarian supplies	43 235	22 526	47 210	109.19	7 719	17 782	575	3 263	529	1 764.1	111	668.3	10 012	22 492	116	146.3	3 220
Oil spare parts	5 400	7 410	5 154	95.46	2 255	1 811	168	400	263	300.6	59	134.4	3 143	2 058	54	168.8	1 297
Grand total	**48 635**	**29 936**	**52 364**	**107.67**	**9 974**	**19 593**	**743**	**3 662**	**792**	**2 065**	**170**	**802.7**	**13 155**	**24 550**	**170**	**315**	**4 517**

Status of ESC (13 per cent) account applications

(Millions of United States dollars)

	Share of allocation	Funds allocated to United Nations[b]	Allocated to imports by United Nations	Applications received		Notified/approved by Secretariat		OIP review[a]		GRL non-compliant/inactive		GRL notice/GRL processing		Approved by Committee		Null/void	Total arrived
				No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
Total	**8 116**	**4 570**	**2 152**	**7 163**	**1 665**	**1 814**	**287.2**	**8**	**8.91**	**24**	**2.3**	**8**	**34.85**	**5 012**	**1 330**	**282**	**1 058**

[a] Office of the Iraq Programme review includes non-compliant and inactive applications.

[b] Funds allocated to United Nations is the balance of funds allocated to United Nations agencies and programmes, after the deduction of the share of the ESC (13 per cent) account for food, medicine/vaccines and oil spare parts, which are procured under bulk-purchase arrangement by the Government of Iraq for the entire country.

Annex IV

Approved applications awaiting funds under the ESB (59 per cent) account as at 9 May 2003

Sector	*Number*	*Value (United States dollars)*
Agriculture	459	932 882 040
Central Bank of Iraq	2	9 863 878
Communication/transportation	150	566 191 458
Construction	8	3 662 515
Education	187	437 860 545
Electricity	190	535 699 930
Food	365	1 065 586 766
Food handling	608	1 151 463 677
Health	346	430 355 059
Housing	717	1 089 255 496
Industry	140	74 355 112
Information	8	732 036
Justice	9	6 926 533
Oil spare parts	202	183 407 976
Religious affairs	4	12 438 259
Special allocation	10	48 954 250
Water and sanitation	205	604 522 291
Youth and sports	1	4 730 355
Total	**3 611**	**7 158 888 177**